

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

November 13, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on November 13, 2007 at 9:00 a.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
Gene Koopman	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Edward Gonsman	State of California CIM

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Paul Hofer	Crops

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steven Lee	Reid & Hellyer
Rick Rees	Geomatrix for CIM

Chair Feenstra called the Agricultural Pool meeting to order at 9:10 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held October 17, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through September 30, 2007
4. Treasurer's Report of Financial Affairs for the Period September 1, 2007 through September 30, 2007

5. Profit & Loss Budget vs. Actual July 2007 through September 2007

Motion by Koopman, second by Durrington and by unanimous vote

Moved to approve Consent Calendar items A through B, as presented

II. BUSINESS ITEMS

A. **CYCLIC STORAGE AGREEMENT**

Mr. Manning stated this is Watermaster's 8th amendment to the Cyclic Storage Agreement. This agreement was discussed at the recent Strategic Planning Conference in October 2007. Staff needs the flexibility of this agreement to take water in advance of demand if water is available; it is a mutual agreement between Metropolitan Water District, Inland Empire Utilities Agency, and Chino Basin Watermaster. Staff feels this is a good strategy and will be necessary in the future. Staff is asking for approval of for this agreement. Mr. Koopman inquired as to how much water is in the cyclic account presently. Mr. Manning stated it is at zero. A discussion ensued with regard to this item.

Motion by deBoom, second by Pierson and by unanimous vote

Moved to approve the Cyclic Storage Agreement, as presented

III. REPORTS/UPDATES

A. **WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. November 29, 2007 Peace II Hearing

Counsel Fife stated there was a conference call regarding this item last week. Counsel and staff are in the process of gathering joinders and declarations in order to support the motion that Watermaster filed on November 26, 2007; that motion is available on the Watermaster ftp site. Counsel Fife stated Watermaster is hopeful to be receiving joinders from all the parties who participated in the Peace II process. Metropolitan Water District will be providing a declaration supporting the 80% reliability number that was used in the Wildermuth Modeling Report. SAWPA will be providing a declaration praising the great benefits of all that Watermaster is doing for the Chino Basin. The hearing is still scheduled for November 29, 2007 at 1:30 p.m. A discussion ensued with regard to the Agricultural Pool writing and filing a joinder in support of the Peace II matter.

Motion by Pierson, second by Koopman and by unanimous vote

Moved to approve writing and filing a joinder from the Agricultural Pool in support of Peace II, as discussed

2. November 15, 2007 MZ1 Hearing

Counsel Fife stated the hearing for the MZ1 Long Term Plan is still scheduled for November 15, 2007 at 1:30 p.m.; counsel and staff are not anticipating any opposition.

3. Hanson Aggregates

Counsel Fife stated Hanson Aggregates has been notified a complaint is about to be filed against them. Hanson Aggregates has come back with a settlement offer of \$100,000.00; the actual cost to clean up the basin was greater than the settlement amount offered. Inland Empire Utilities Agency did take Hanson's offer to their board; and they rejected the offer. Counsel Fife stated with the rejection of the offer in place, a complaint will now be filed against Hanson Aggregates. A discussion regarding the actual costs and the possibility of the damage happening again ensued.

4. Water Right Permit 19895

Counsel Fife stated on the back table there is an order from the State Water Resources Control Board and a response that Chino Basin Watermaster filed yesterday to that order. The order denies a petition for an extension of time that was filed three years ago on Watermaster's permit 19895. The Santa Ana River process was recently conducted and in

order to get a permit to divert storm flows for recharge purposes; Watermaster already has two permits to perform the diversion. Those two permits were obtained by the Flood Control District with regard to the Day Creek Project and the San Sevaine Project when those projects were started in the late 1980's. Those permits have been under the control of the Flood Control District and a few years ago when Watermaster did the Facilities Improvement Project, those permits were transferred to Chino Basin Watermaster. During the time they were held by the Flood Control they did all the reporting on them and had all the contact with the State Board. Over that period with regard to permit 19895, the reports that the Flood Control District filed were not consistent in their using the correct permit numbers on their reports. Construction on some of the other permits was proceeding much slower than the construction on 19895. This wrong reporting has lead to inconsistent reporting on the projects status. Counsel Fife stated due to this situation the State Board declared the project for permit 19895 has not proceeded with due diligence and therefore revoked the permit. Counsel stated staff had no knowledge this was going to take place. Counsel has submitted a request to the State Board asking them to reconsider their decision; this is the pleading that is on the back table and was filed last week with the board. Counsel stated the pleading points out the Flood Control's errors in their reports and also stated this project not only proceeded in a timely manner but that this project has been completed for several years. A discussion ensued with regard to this matter.

B. ENGINEERING REPORT

1. Engineering Update

Mr. Malone stated at the last Agricultural Pool meeting there were a number of questions regarding the groundwater modeling work that has been going on, along with the results, especially how the results relate to safe yield and to hydraulic control. Mr. Malone put up a graphic on the screen and stated that what is shown here are model generated safe yield estimates from 1970 to 2060. The way this scale is calculated is on a ten year average and is based on the formula of total production plus the change in storage in the groundwater basin and then subtracting out any wet or artificial recharge that occurred for replenishment purposes or storage accounts. This is a ten year running average of what the model is telling us what the safe yield is over the calibration period based on hard production data and recharge data. Mr. Malone noted that one of Mr. Koopman's questions last month was regarding the 140,000 acre-feet being a good safe yield number from the beginning of the Judgment forward. Mr. Malone stated at looking at the chart the safe yield number has actually been higher than the 140,000 acre-feet. Mr. Malone stated another question was presented regarding basin re-operation, the desalters, and hydraulic control. Mr. Malone stated the desalters were meant to come in and replace the change in the Agricultural production and Ag production decreases over time; the desalters ramp up and replace that Ag production. The hope is that we create a capture zone that the Regional Board will say yes hydraulic control has been achieved in the basin. Mr. Malone stated the model is telling us that out in the future with just the desalters and no re-operation we do not get hydraulic control and we don't induce much of any additional recharge from the Santa Ana River. With basin re-operation we do induce of about 9,000 acre-feet which is new induced recharge from the Santa Ana River and we do obtain the hydraulic control at the desalter well field. A discussion ensued with regard to Mr. Malone's presentation this far. Counsel Fife stated if we get Peace II approved before the end of the year there is a replenishment obligation that has been incurred this year because there is not the inducement and or the Kaiser water. If basin re-operation approved before the end of the year, the 400,000 acre-feet will be used to satisfy the replenishment that was incurred this year. If we don't get basin re-operation approved by the end of the year then yes there will be a shortfall and a replenishment obligation for this year and Watermaster will have to assess the appropriators for that. A discussion ensued with regard to safe yield. Counsel Fife offered comment regarding the implications of not approving Peace II which is much worse than if Peace II is approved and implemented regarding safe yield. A discussion regarding the Sunding Report ensued. Counsel Fife stated the Sunding Report was an economic analysis of what are the benefits of the Peace II Agreement; the Sunding Report does not have to be

redone due to findings in the Modeling Report. A discussion ensued with regard to the model and to who owns the model. Mr. Manning stated Chino Basin Watermaster owns the model; it can't own real property but it can own assets. Counsel Fife stated Watermaster does own the model; however, it resides with Wildermuth Environmental. Chair Feenstra asked that a report on subsidence be given to this pool at another meeting. Mr. Manning stated a report can be given at a future meeting.

C. FINANCIAL REPORT

1. Assessment Package Update

Ms. Rojo stated all the Water Activity Reports have been sent out and several have been received back. Ms. Rojo noted staff has had opportunities to work out discrepancies in numbers and are currently missing five different Water Activity Reports. Once the last few are received staff will be able to run the Assessment Package. Ms. Rojo noted an Assessment Package Workshop will be scheduled for December.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated on the federal level in looking at the WRDA Act, congress has passed this bill and has sent it on to the president. There was a great deal of dissention at the administrative level about the WRDA Bill, most of that was centered around the idea that the house past a bill that was \$13 billion dollars and the senate passed a bill that was \$14 billion dollars and then they had a joint committee to resolve the differences and ended up with a bill that was \$23 billion dollars. This was then sent on to the president who did not like it and vetoed it. Congress has enough votes in the both the house and senate, and as of yesterday both the house and senate overrode the veto; WRDA is now the law of the land in terms of the ability to get money. Mr. Manning stated there is money in that bill for projects in the Chino Basin. On the state legislative side the governor put together an extraordinary session of the assembly to deal with health care issues and water; no rulings has come out of this assembly to date. Mr. Manning stated he attended a Policy Briefing and Hearing last week and was able to offer comments to the parties regarding water projects for the Chino Basin. The parties at that hearing discussed in length the arguments over surface storage versus groundwater storage.

2. Recharge Update

No comment was made regarding this item.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair Feenstra asked that it be noted a discussion regarding recycled water and the invoice on the TMDL Study be placed under pool member comments.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

November 8, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
* November 13, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* November 15, 2007	9:00 a.m.	Advisory Committee Meeting
* November 15, 2007	11:00 a.m.	Watermaster Board Meeting

* Notes a change in the normal monthly meeting date

The Agricultural Pool committee meeting was dismissed at 10:15 a.m.

Secretary: _____

Minutes Approved: December 18, 2007